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August 17, 2026

Company name: RS Technologies Co., Ltd.
Name of representative: Nagayoshi Ho,
(Securities code: 3445; Prime Market)
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Announcement of Release of Transcript of Financial Results for 2nd Quarter of FY 2026

RS Technologies Co., Ltd. (RST) has released the transcript of its financial results interview session for the second quarter of FY2026, held on August 14, 202

At this session, we explained the financial results for 2nd Quarter of FY2026 and answered questions from participants.

We would appreciate it if our shareholders and investors could take a moment to view this presentation.

1. Summary of the meeting

Date :
February 14, 2026

Speaker:
Nagayoshi Ho, CEO
Satoru Endo, Director and Senior Executive Officer
Masato Kawaji, General Manager of Finance and Accounting Department

2. Source

Financial Results for 2nd Quarter of FY2026

FY2026 2Q

Financial Results

RS Technologies

Prime Market 3445

RS Technologies
August 13, 2026

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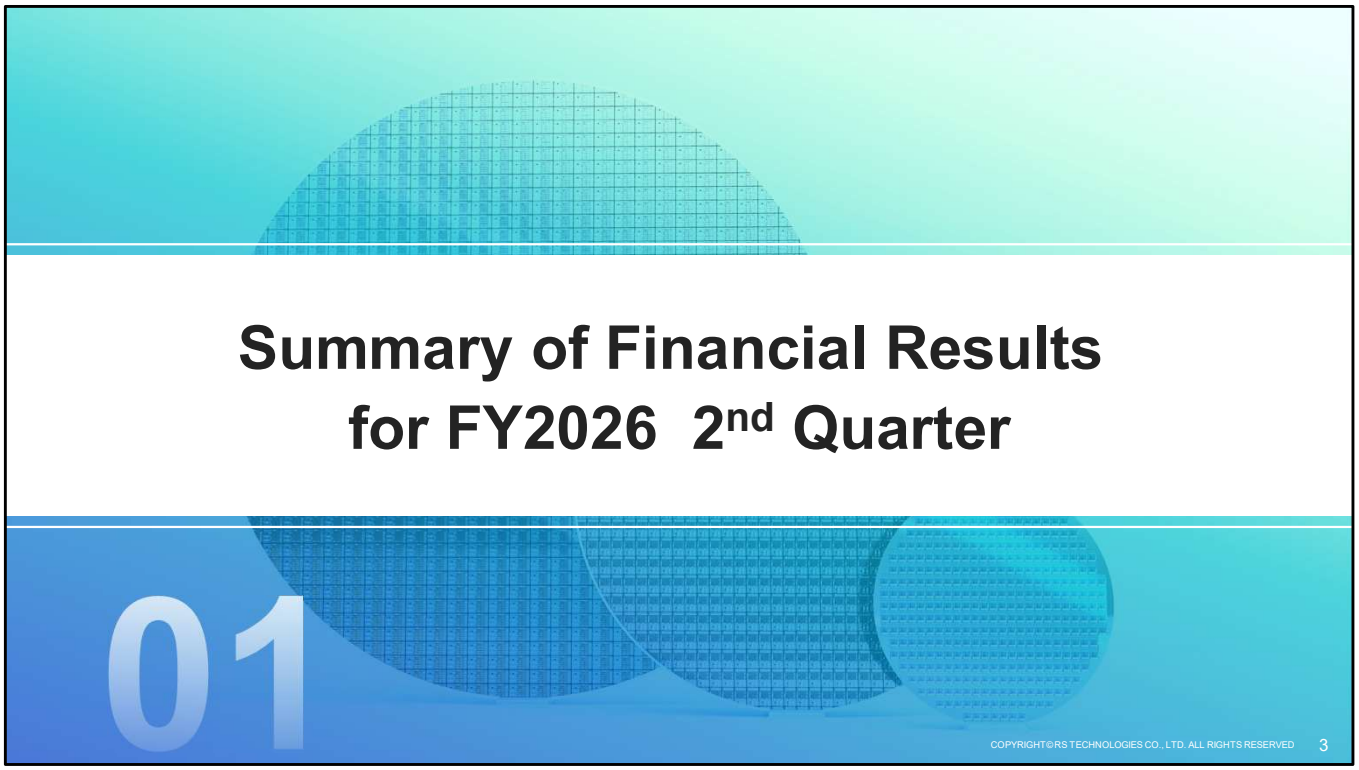
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Mr. Ho:
Good afternoon, everyone. My name is Nagayoshi Ho, CEO of RS Technologies.
Thank you very much for joining our briefing on the financial results for the second quarter of fiscal year ending December 31, 2026.
I will now hand over to Director Endo, who will provide an overview of our financial results.
Endo-san, please go ahead.

Mr. Endo (Director):
Thank you, Mr. Ho.
My name is Endo. Thank you all for joining us today.
I will begin by providing an overview of our financial results, and then we will be happy to take your questions.



Mr. Endo:
Let's begin

Financial Results for FY 2026 2nd Quarter

・Achieved year-on-year growth in revenue and profit at all levels, delivering record-high first-half results.
・Strong wafer-related business drove performance, enabling RST to achieve its first-half targets for both revenue and operating profit.

(Million JPY)	FY2025 2nd Quarter	FY2026 2nd Quarter	Year-on-Year	Difference
Net Sales	37,999	**40,595**	6.8%	2,596
Cost of Sales	26,379	**27,844**	5.6%	1,465
Gross Profit	11,620	**12,750**	9.7%	1,130
SGA	4,516	**5,015**	11.0%	499
Operating Income	7,103	**7,735**	8.9%	632
Non-operating Income	1,502	**1,933**	① 28.7%	431
Non-operating Expense	1,448	**652**	② -55.0%	-796
Ordinary Income	7,157	**9,016**	26.0%	1,859
Net income attributable to owners of parent	3,800	**4,149**	9.2%	349
Net Income per share (yen)	143.79	**156.16**	8.6%	12.37

Supplementary Comment

①
Subsidy income (GRITEK)
JPY 704 million → JPY 737 million

Foreign exchange gain
JPY 0 → JPY 421 million

②
Foreign exchange loss
JPY 822 million → JPY 0

Equity in investment loss
(SGRS, 12 inch prime wafer business in China)
JPY 505 million → JPY 416 million

Profits and losses will be incorporated into our consolidated financial results in proportion to our ownership stake.

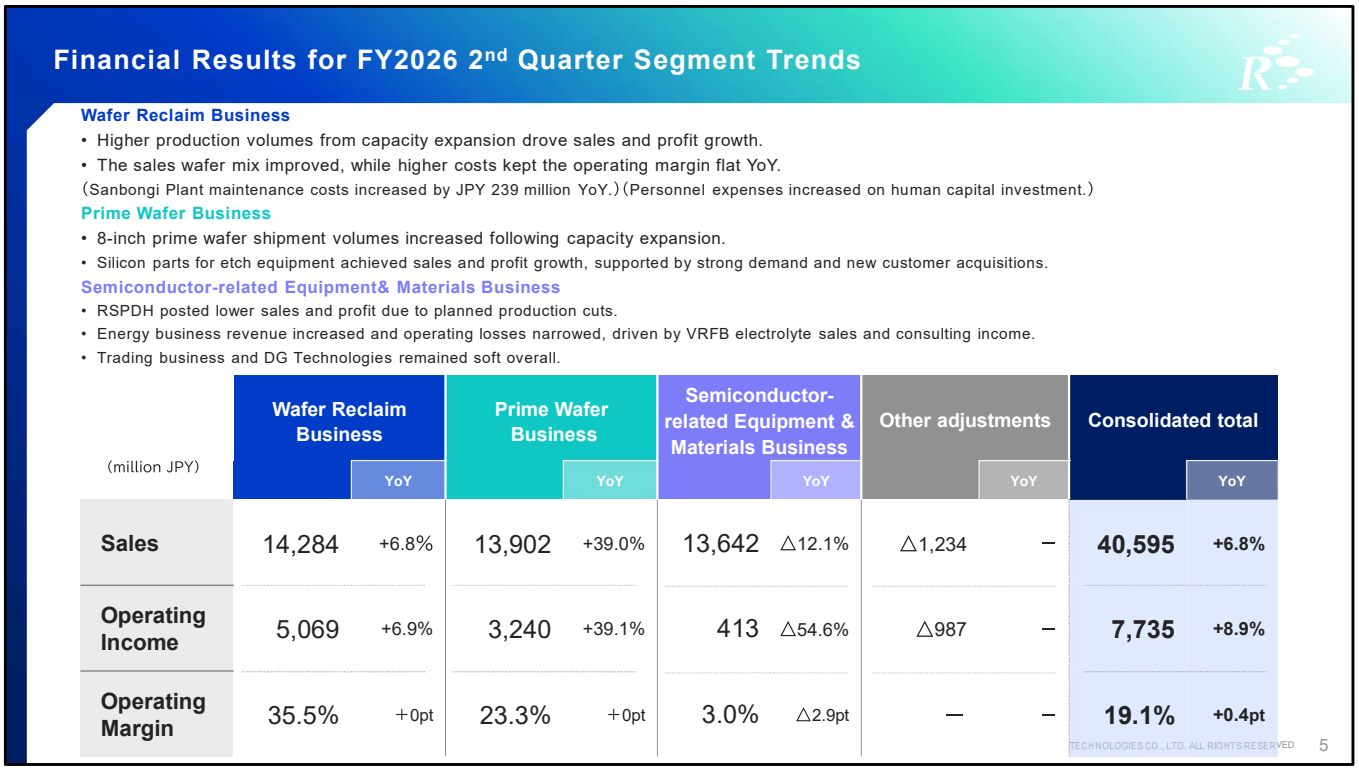
12-inch wafer sales volume increased due to steady progress in customer qualifications, while higher prime wafer sales improved ASPs and reduced losses.

4

Mr. Endo:
Let me begin with an overview of our results for the second quarter.
Net sales increased 6.8% year on year to JPY 40.6 billion, while operating profit rose 8.9% to JPY7.7 billion. Ordinary profit increased 26.0% to JPY9.0 billion, and profit attributable to owners of parent grew 9.2% to JPY4.1 billion.

As a result, we achieved year-on-year growth in both revenue and all profit levels, delivering the strongest first-half results in our history.
Strong performance in both the wafer reclaim and prime wafer businesses enabled us to achieve our first-half targets of JPY40.0 billion in net sales and JPY7.5 billion in operating profit.

Regarding the equity-method investment loss recorded in non-operating expenses, our 12-inch prime wafer business in China continues to incur operating losses as it remains in the investment phase. However, the loss has narrowed compared with the previous year.
This improvement was driven by continued progress in customer qualifications with Chinese customers, which led to higher shipment volumes, as well as improved selling prices resulting from a growing sales mix for prime wafer applications.



Mr. Endo:
Let me now discuss the performance of each business segment.

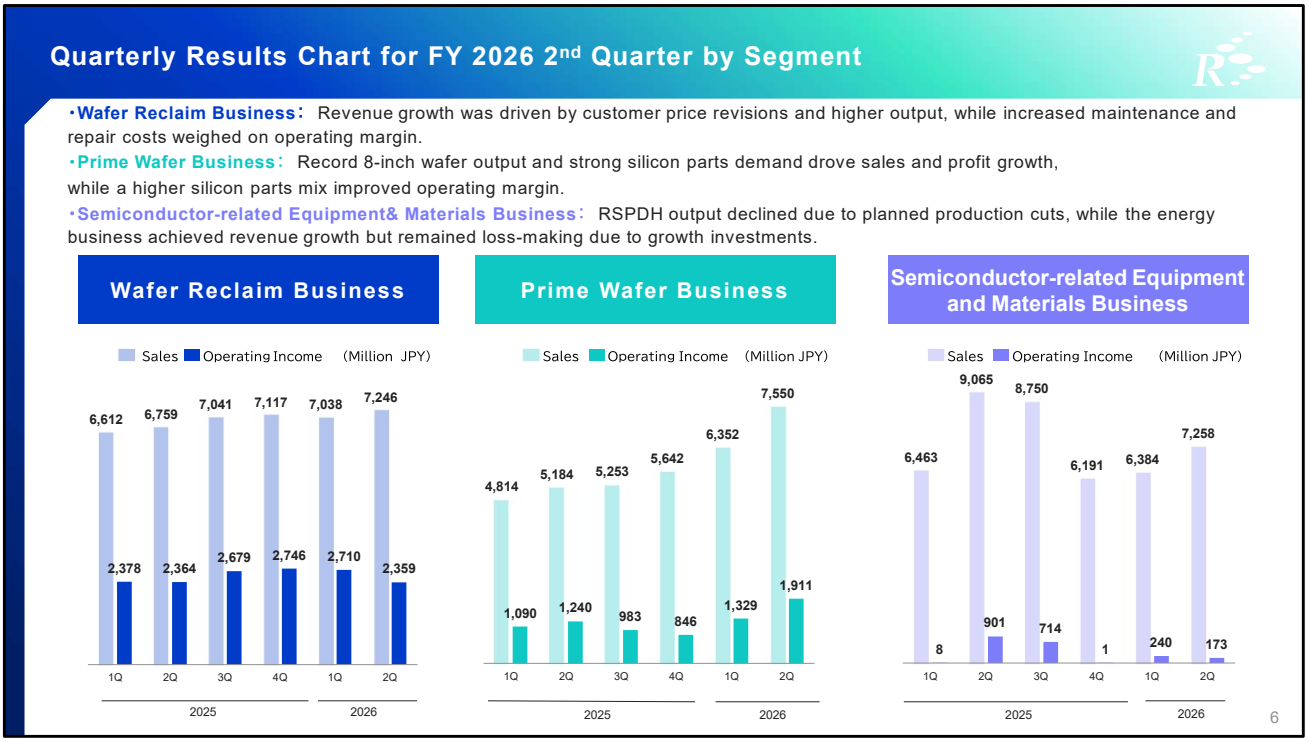
Wafer Reclaim Business
Net sales in the Wafer Reclaim Business increased 6.8% year on year to JPY14.3 billion, while operating profit rose 6.9% to JPY5.1 billion.
The primary driver of this growth was higher production volume resulting from capacity expansion investments.
Operating margin remained at a similar level to the previous year. Although the mix of lower-margin purchased wafers, which had increased in the prior year, improved, this benefit was offset by higher operating costs.

The main cost increases were maintenance expenses at the Sanbongi Plant, where operations were temporarily suspended during the Golden Week holiday period, as well as higher personnel expenses resulting from workforce expansion and base salary increases.
While annual maintenance work is typically carried out during this period, costs were temporarily elevated this year because repairs at Plant No. 7, which is scheduled to begin operations in the second half of the year, were conducted at the same time.

Prime Wafer Business
Net sales in the Prime Wafer Business increased 39.0% year on year to JPY13.9 billion, while operating profit grew 39.1% to JPY3.2 billion.
In the 8-inch wafer business, we steadily captured demand in the Chinese market, which continues to grow at a moderate pace, resulting in consistently high utilization rates.
Sales volumes of silicon parts increased significantly, supported by strong demand from the etching equipment market and expanded sales efforts in China.

Semiconductor-related Equipment and Materials Business
Net sales in the Semiconductor-related Equipment and Materials Business declined 12.1% year on year to JPY13.6 billion, while operating profit decreased 54.6% to JPY0.4 billion.
The primary reason for this decline was the planned reduction in production volumes of optical pickup modules at RSPDH, as originally scheduled, which resulted in lower sales and profits compared with the same period last year.
In the Energy Business, revenue increased due to sales of electrolyte solutions for vanadium redox flow

batteries (VRFBs) and contributions from the consulting business, while operating losses narrowed.



Mr. Endo:
Let me now discuss quarterly trends by segment.

In the wafer reclaim business, revenue increased in the quarter, driven by price revisions for certain customers and higher sales volumes following the partial acceleration of capacity expansion at our Tainan plant.
Operating margin declined by 5.9 percentage points quarter over quarter to 32.6%. This was primarily due to higher maintenance expenses, including major maintenance work related to the preparations for Sanbongi Plant No. 7, as well as increased costs arising from the situation in the Middle East.
Demand for reclaimed wafers remains strong, and with our expanded production capacity scheduled to come on stream progressively in the second half, we believe the business environment remains favorable for achieving further growth.

In the Prime Wafer Business, both revenue and operating profit increased quarter on quarter, supported by strong performance in both 8-inch wafers and silicon parts. Operating margin reached 25.3%.
For 8-inch prime wafers, the benefits of our capacity expansion investments enabled production and sales volumes to reach a record level of 270,000 wafers per month.
In silicon parts, sales to customers in Korea were particularly strong during the quarter, resulting in the sales mix of silicon parts increasing by approximately three percentage points compared with the previous quarter.
As silicon parts generally generate higher gross margins than wafers, this favorable product mix also contributed to the increase in operating profit.

Turning to our Semiconductor-related Equipment and Materials Business, revenue increased quarter on quarter, while operating profit declined.
Operating margin was 2.4%.
At RSPDH, production volumes were reduced in line with the plan, resulting in lower revenue and profit compared with the same period last year.
In the Energy Business, sales exceeded JPY1.0 billion, supported by electrolyte solutions for vanadium redox flow batteries, or VRFBs, as well as energy-related distribution sales. However, the business recorded an operating loss as personnel expenses, material costs, and other investments increased to support future growth.

Balance Sheet and Cashflow Statement

• Net assets increased by JPY 17.4 billion from the end of the previous fiscal year to JPY 170.7 billion.

BS

(Million JPY)

	FY2026	FY2026 2nd Quarter
Current Assets	135,354	**139,305**
Cash and Deposits	96,771	**97,294**
Notes and accounts receivable-trade	22,322	**24,948**
Merchandise and finished goods	5,677	**6,554**
Fixed assets	69,867	**77,664**
tangible fixed assets	49,485	**53,774**
intangible fixed assets	669	**734**
Investments and other assets	19,712	**23,154**
Total Assets	205,222	**216,969**
Current liabilities	31,286	**30,882**
Notes and accounts payable	9,890	**10,721**
Interest-bearing debt	7,300	**4,470**
non-current debt	20,605	**15,393**
Interest-bearing debt	16,140	**10,494**
Total liabilities	51,891	**46,275**
Net Asset	153,331	**170,693**
Total liabilities and net assets	205,222	**216,969**

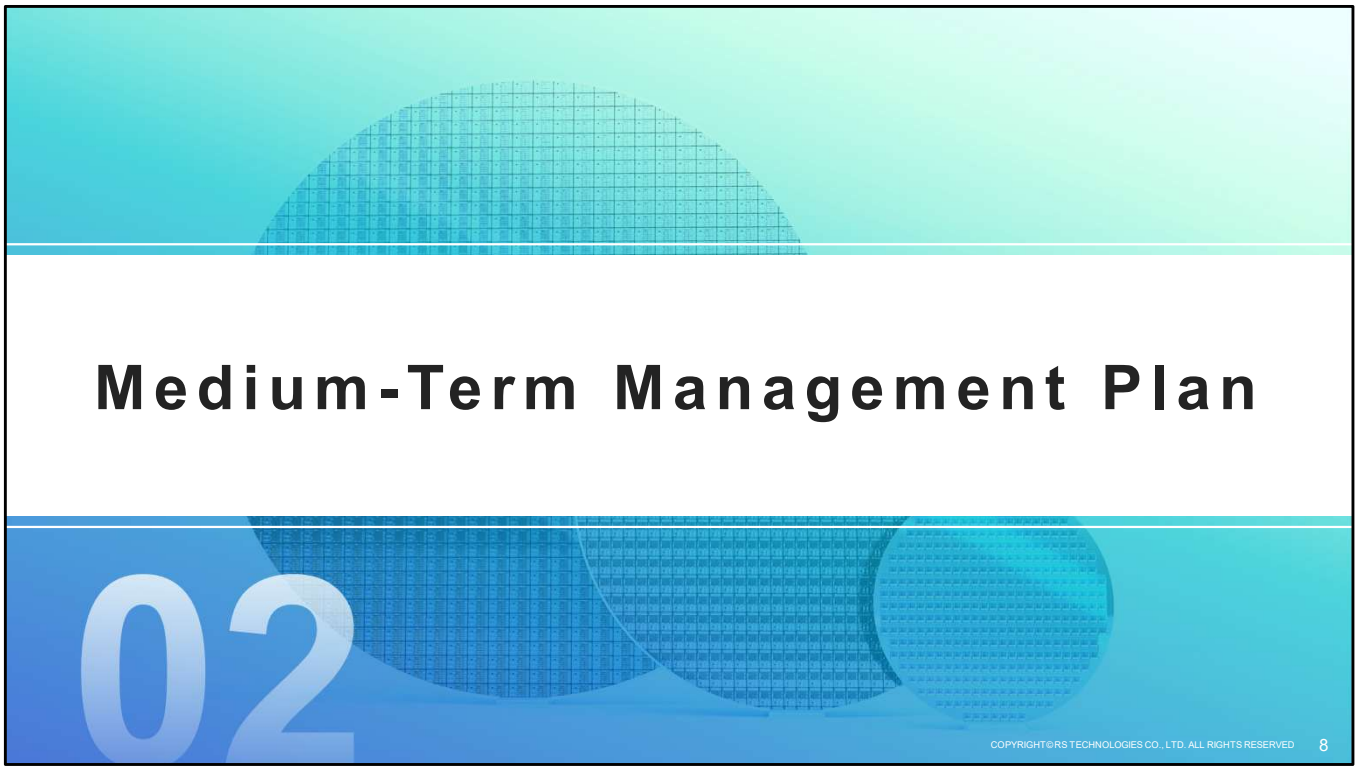
CS

(Million JPY)

	FY 2025 2nd Quarter	FY 2026 2nd Quarter
cash flows from operating activities	8,701	**10,413**
cash flows from investing activities	△11,139	**△11,414**
cash from financing activities	△1,345	**△7,390**
Net effect of exchange rates changes	△4,567	**4,409**
Net (decrease)/increase in cash and cash equivalents	△8,351	**△3,982**
Cash and Cash Equivalents at beginning of year	83,759	**95,888**
Cash and Cash equivalents at the end of year	75,408	**91,906**

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Mr. Endo:
Next, let me briefly touch on our balance sheet and cash flow position.
Total equity increased by JPY17.4 billion from the end of the previous fiscal year, reaching JPY170.7 billion.



Mr. Endo:
Next, I will explain the current progress of the medium-term management plan.

Overview of the Medium-Term Management Plan (2026-2028)

- Positioning the next 3 years as a focused investment phase to accelerate growth, investing heavily in the wafer reclaimed business
- Expecting growth from 2027 onward, including M&As etc

(Million JPY)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)	FY2028(F)
Sales	**59,200**	**76,707**	**84,000**	**105,000**	**115,000**
Operating Income	**13,108**	**14,281**	**15,400**	**17,500**	**19,000**
Operating Margin	*22.1%*	*18.6%*	*18.3%*	*16.7%*	*16.5%*
Ordinary Income	**15,668**	**16,635**	**17,200**	**19,000**	**20,000**
Ordinary Margin	26.5%	26.4%	20.5%	18.1%	17.4%
Net Profit	**9,446**	**9,297**	**10,000**	**11,500**	**13,000**

ROIC	12.7%	10.8%	**11%以上**
ROE	15.2%	12.5%	**13%以上**

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Mr. Endo:
We achieved both our net sales and operating profit targets for the first half of the year.
At this stage, we remain on track to achieve our full-year guidance with no changes to our outlook.

In the Wafer Reclaim Business, performance progressed largely in line with our plan.
The capacity expansion investments scheduled for this year are expected to come online progressively during the second half, and we anticipate higher sales volumes driven by increased production capacity. As a result, our earnings plan remains weighted toward the second half of the year.

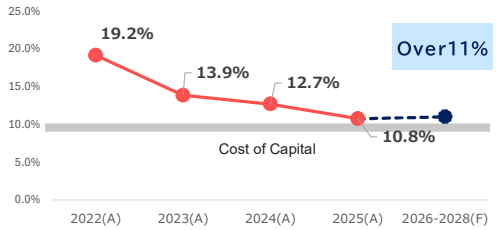
In the Prime Wafer Business, performance in the first half exceeded our original plan.
We aim to maintain this momentum in the second half. However, as customer inventory adjustments have historically tended to occur during the fourth quarter, we will continue to closely monitor market conditions while taking this seasonal factor into account.

In our Semiconductor-related Equipment and Materials Business, performance was somewhat weaker than anticipated in the first half.
To improve results in the second half, we will strengthen our sales activities and work to accelerate business momentum for the remainder of the year.

Analysis and evaluation (capital profitability and cost of capital)

- At present, we are in the investment phase and the return on capital is declining. However, we aim to improve ROIC by monetizing large-scale investments mainly in reclaimed wafers and improving capital efficiency.

ROIC

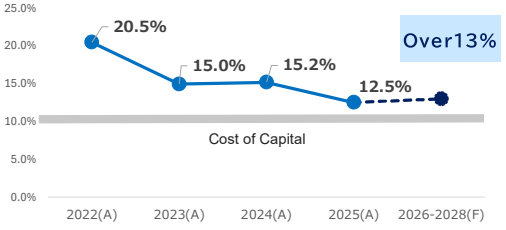


*ROIC= NOPAT / invested capital (shareholders' equity + interest bearing debt average)

WACC	9.0 %

*WACC= Cost of equity x Shareholder equity/(invested capital) + Cost of debt x interest-bearing debt/(invested capital) x (1- effective tax rate) ,using the average value for the past two years in our company

ROE



*ROE= Net Income Attributable to Parent / Equity Average

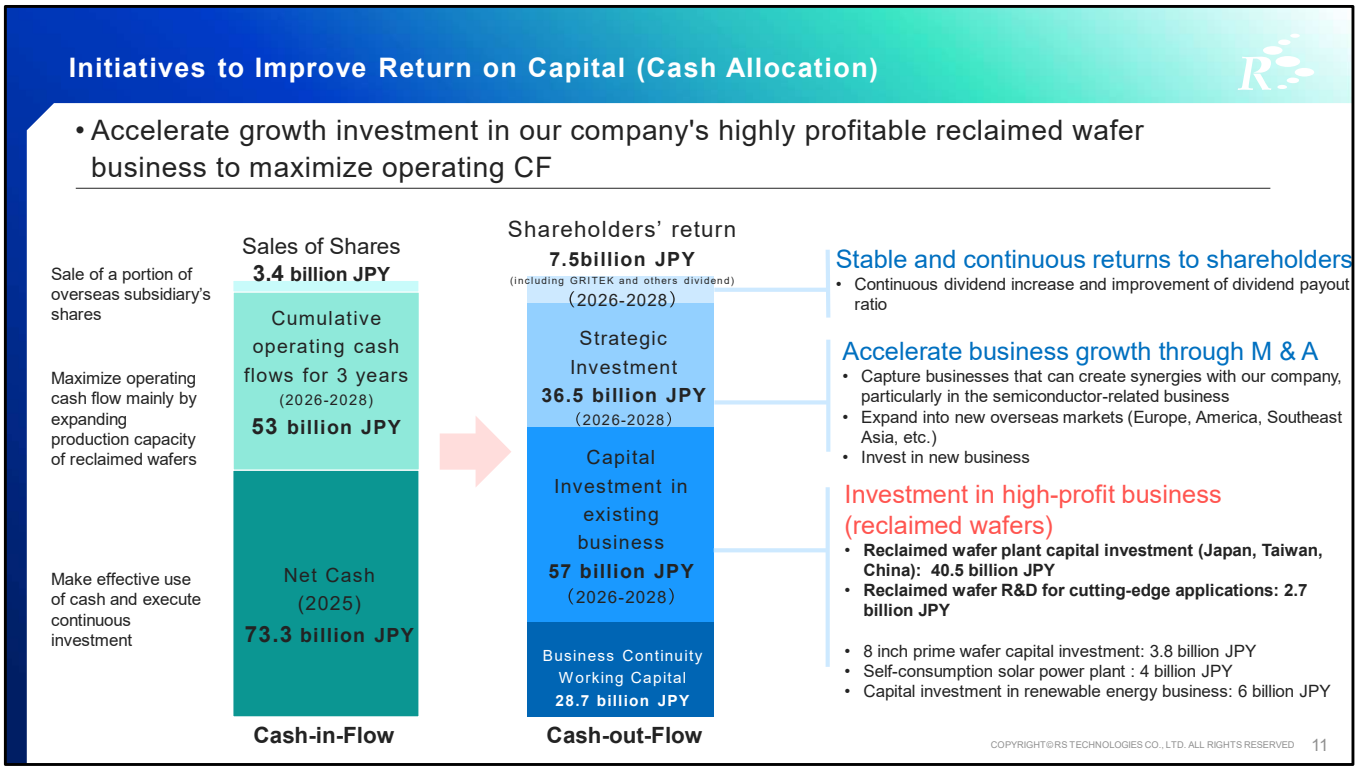
Cost of Equity	10.5 %

*Cost of equity = 10.5% calculated based on risk-free rate + beta value x risk premium

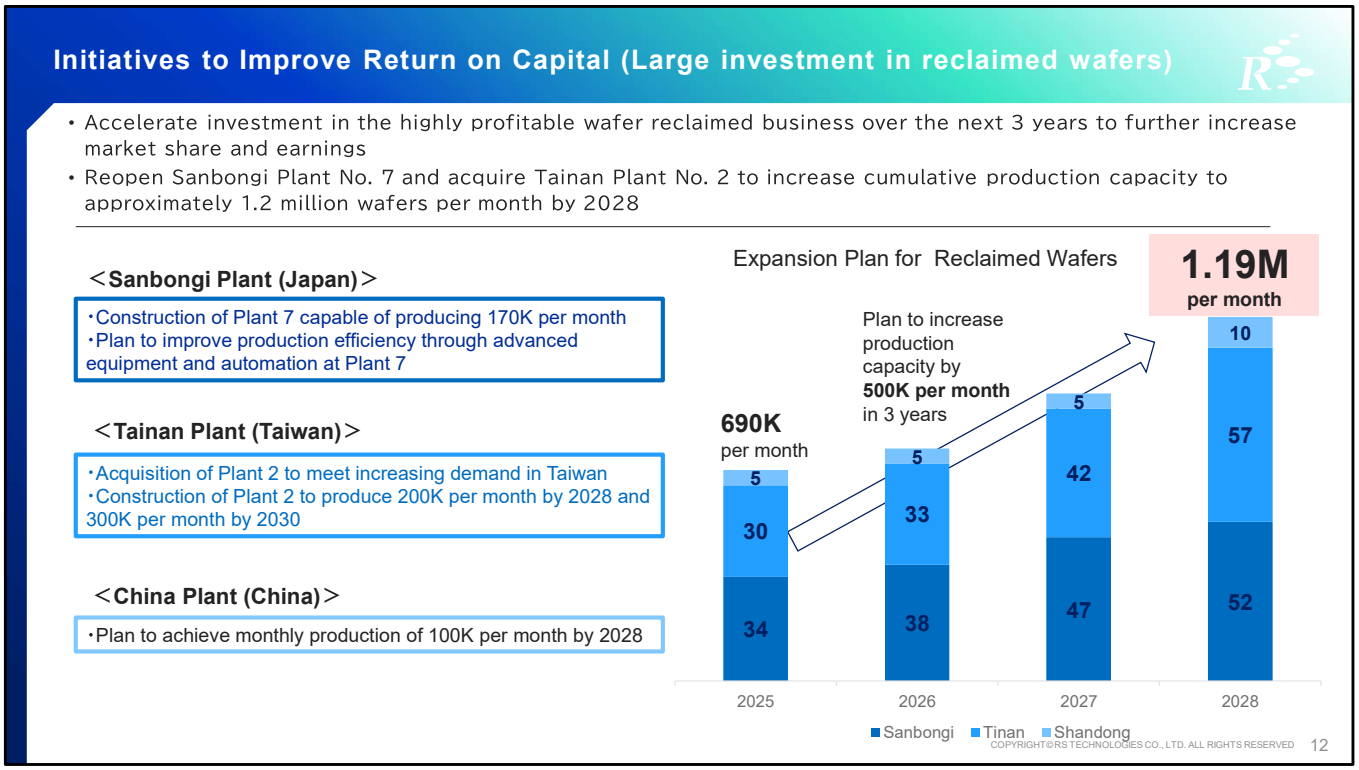
*Capital used as the denominator for ROIC was changed from (shareholders' equity + interest-bearing debt) to (equity + interest-bearing debt). The denominator for ROE calculation was unified to the average of shareholders' equity at the beginning and end of the period in accordance with the Annual Securities Report.

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Mr. Endo:
Next, I will touch on capital efficiency.
As for our progress toward the current ROIC and ROE targets, performance is generally tracking in line with our plan.
We will continue our efforts to achieve the target levels for both metrics.



Mr. Endo:
As for capital allocation, as I mentioned earlier, we are actively accelerating growth investments in our core wafer reclaim business.
Going forward, we will continue to focus on improving capital efficiency while maintaining an appropriate balance between growth investments and shareholder returns.



Mr. Endo:
Capital expenditures in our wafer reclaim business are progressing steadily, and we plan to commence full-scale operations at Sanbongi Plant No. 7 in the fourth quarter.

At Plant No. 7, we are also implementing new initiatives, including the automation of certain production lines and the introduction of capabilities to support new products. As operations ramp up, depreciation expenses are expected to increase gradually. However, we believe these investments will contribute to improving our profitability over the medium to long term.

Regarding our wafer reclaim project in China, we are currently evaluating the market environment carefully and discussing internally when to make a full-scale entry. We will provide an update once we reach a stage where we can disclose further details.

Demand for reclaim wafers remains extremely strong both in Japan and overseas, and based on our demand outlook through 2030, we believe that these large-scale investments are necessary. At the same time, we recognize that competitors are also expanding capacity and that new Chinese entrants are emerging in the market.

Given this environment, I would like to explain why we believe we can maintain our competitiveness even as we undertake these significant investments.
To our knowledge, there are very few reclaim wafer manufacturers besides RS Technologies that serve a large number of global customers. Meeting the diverse requirements of many customers requires a high level of production management capability.

We believe our competitive strengths lie in the chemical processing technologies we have

developed over many years, our direct sales network, the quality standards required for advanced semiconductor manufacturing, and our production management expertise.

As product variety increases, it generally becomes more difficult to maintain production efficiency and yield. Likewise, pursuing higher quality often comes at the expense of cost and lead time, while strengthening short delivery capabilities can create challenges in maintaining both quality and manufacturing efficiency.

In other words, quality, yield, product diversity, and short lead times are factors that typically involve trade-offs. However, through many years of experience and accumulated know-how, we have succeeded in balancing these requirements at a high level.
In addition, the quality requirements for advanced semiconductor manufacturing continue to evolve rapidly as new devices are constantly being developed and produced. This is probably something many of you can easily appreciate.

We continuously stay up to date with the latest technical specifications required by leading-edge devices and incorporate those requirements into our manufacturing processes. By working with a wide range of customers, we have accumulated extensive expertise in supporting advanced semiconductor products.

For these reasons, we believe it takes considerable time, experience, and operational expertise to build a production and supply system comparable to ours and to earn customers' long-term trust. As a result, we believe that barriers to entry in the wafer reclaim business remain high.

再生ウェーハ事業

Capital Investment Plan: Wafer Reclaim Business

- Major investments to capture global semiconductor demand at 3 sites in Japan, Taiwan, and China by 2028
- Establish monthly production capacity of 1.19 million wafers to further expand market share

Japan

Total investment **17.3 billion JPY +**

Investment Amount		
FY 2026	FY 2027	FY 2028
11.9 billion yen	5.4 billion yen	TBD

Monthly Production Capacity (12inch)

	2026	2027	2028
Plant 8	340k	350k	350k
Plant 7	40k	120K	170k
Total	**380k**	**470k**	**520k**

Taiwan

Total investment **24.7 billion JPY**

Investment Amount		
FY 2026	FY 2027	FY 2028
2.8 billion yen	12.4 billion yen	9.5 billion yen

Monthly Production Capacity (12inch)

	2026	2027	2028
Plant 1	330k	370k	370k
Plant 2	-	50K	200k
Total	**330k**	**420k**	**570k**

China

Total investment **10 billion JPY**

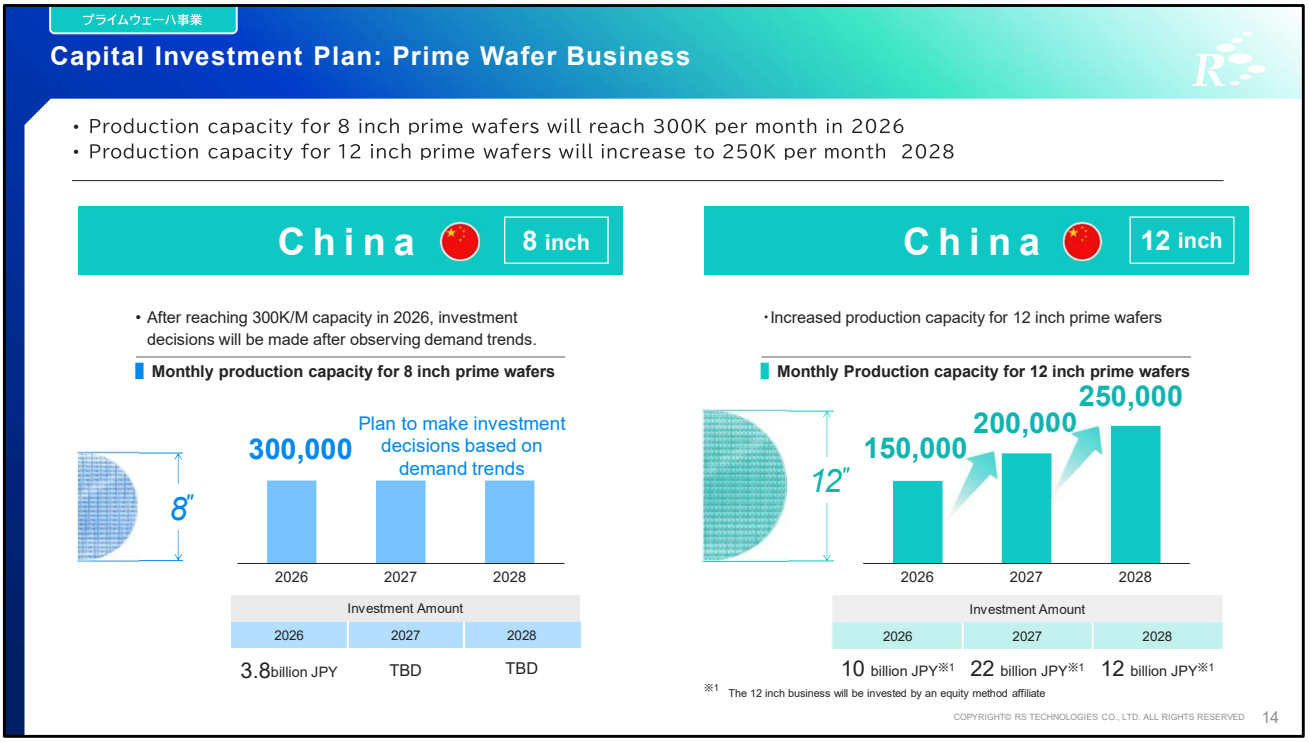
Investment Amount		
FY 2026	FY 2027	FY 2028
-	-	10 billion yen

Monthly Production Capacity (12inch)

	2026	2027	2028
Plant	50k	50k	100k
Total	**50k**	**50k**	**100k**

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Mr. Endo:
As shown on this slide, our capital investment plan for the Wafer Reclaim Business is proceeding as scheduled.



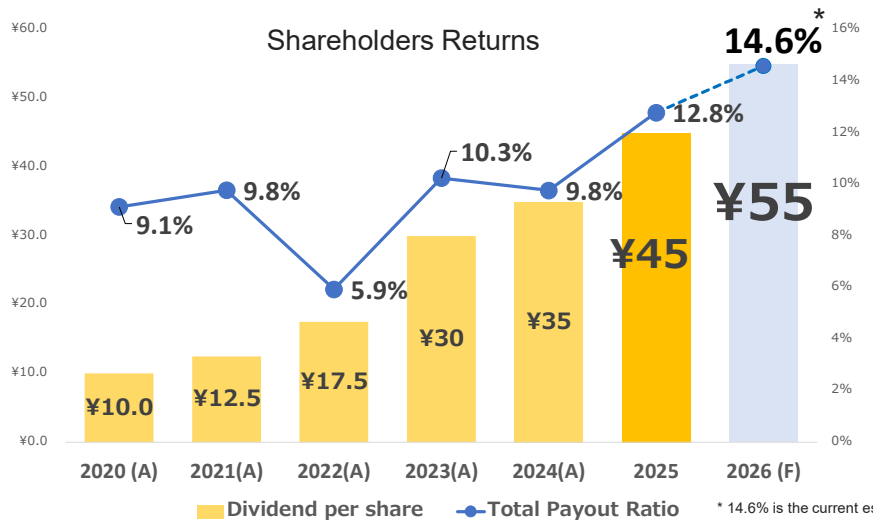
Mr. Endo:
Our capital investment plan for the Prime Wafer Business is also progressing in line with the schedule shown on this slide.
For 8-inch wafers, we expanded monthly production capacity from 250,000 wafers at the end of 2025 to 270,000 wafers in the first half, and we plan to further increase capacity to 300,000 wafers per month by the end of this fiscal year.

We recognize that the 8-inch prime wafer market in China is not an easy business environment, given the competitive landscape and market growth dynamics. However, we believe our strengths lie in the production management capabilities we have developed through our Wafer Reclaim Business, as well as our disciplined approach to capital investment based on a careful assessment of market conditions and demand trends. Even in this environment, we have continued to achieve utilization rates and profitability that exceed those of our peers.

Turning to 12-inch prime wafers, which are currently produced by our equity-method affiliate, capacity expansion is also progressing in phases. We plan to increase monthly production capacity from 110,000 wafers at the end of 2025 to 150,000 wafers by the end of this fiscal year.
Looking further ahead, our goal is to expand capacity to 300,000 wafers per month by 2029, and we are currently making the necessary preparations to support that growth.

Initiatives to Improve Return on Capital (Shareholders Return)

The dividend per share for fiscal 2025 was ¥45, an increase of ¥10 from ¥35 in the previous fiscal year (payout ratio 12.8%).The dividend per share for fiscal 2026 is assumed to be ¥55



- In addition to the annual dividend increase, the dividend increase in 2025 will be 10 JPY, up from 5 JPY in the previous fiscal year.
- In 2026, we plan to increase the dividend by 10 JPY from the previous fiscal year and accelerate **the increase in the total return ratio.**
- Considering stock price trends, cash position, investment progress, and other factors, we will consider buybacks.

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Mr. Endo:
There have been no changes to our shareholder return policy at this time.
We will continue working to deliver another dividend increase this fiscal year.
As for our share price, it has trended upward since the beginning of the year.
However, we believe that what matters most is not the share price itself,
but consistently delivering results through our business operations and executing a management strategy that supports sustainable growth.

We remain fully committed to meeting the expectations of our shareholders and investors by enhancing our corporate value over the medium to long term.
We sincerely appreciate your continued support.

Thank you very much for your attention.

Q&A

<Wafer Reclaim Business>

Q1: Could you comment on wafer reclaim pricing trends and the progress of price increases?

A 1 : (Endo) Regarding pricing, we continue to discuss with our customers so that we can appropriately reflect rising costs such as electricity and labor expenses.

At the same time, reclaimed wafers are used by customers primarily as a cost-saving solution. Therefore, we believe it is important to maintain our price competitiveness relative to our competitors. Accordingly, we determine pricing based not only on cost trends but also on prevailing market prices.
We would also like to emphasize that our capital investment plans are not based on assumptions of future price increases to recover our investment.

Q 2 : Could you provide your view on recent customer trends in the wafer reclaim business and the future outlook?

A 2 : (Endo) Demand for reclaimed wafers remains robust. In addition, semiconductor manufacturers, which are our customers, have requested greater production capacity in anticipation of future demand growth, resulting in increasing expectations for us to expand our supply capabilities.

Based on these trends, we believe the favorable supply-demand environment is likely to continue over the medium to long term. To respond appropriately to growing demand, we intend to conduct disciplined and strategic capital investments.

Q 3 : Could you discuss your initiatives in the Korean wafer reclaim market?

A 3 : (Endo) In the near term, we plan to focus aggressively on serving two major Korean semiconductor manufacturers.

Demand for reclaimed wafers in Korea continues to grow, and our order volume has been increasing steadily. In addition, customers have provided us with specific requests regarding future supply needs based on their anticipated demand growth.

To meet this expanding demand, we are making planned capital investments to further enhance our production capacity.

In terms of market share, we currently hold approximately 30% of the global reclaimed wafer market. As such, we are targeting a similar level of market share in Korea over time.

We view Korea as one of our key markets, supported by continued growth driven by AI-related semiconductor demand.

Q 4 : As you enter the Chinese wafer reclaim market, how do you view the competitive landscape and your competitive advantages?

A 4 : (Endo) At present, a number of Chinese reclaimed wafer manufacturers are already undertaking large-scale capacity expansion projects.

In general, we believe that when companies pursue aggressive capacity expansion over a short period of time, balancing price competitiveness with quality improvement can become a significant challenge.

To establish a strong presence and gain meaningful market share in China, we believe it is essential to achieve the right balance between quality and cost competitiveness.

To this end, we will leverage the production management expertise we have accumulated over many years to build a highly efficient manufacturing platform and execute disciplined capital investments. These efforts will support further improvements in our cost competitiveness.

In addition, we possess the technical capabilities required to meet demanding quality standards as well as the flexibility to serve multiple customers with diverse product requirements.

By leveraging these strengths, we aim to establish competitive advantages in quality, pricing, and stable supply, which are the key factors valued by customers.

Q5 : Operating margin in the wafer reclaim business declined from 38.5% in the first quarter to 32.6% in the second quarter. Could you explain the factors behind the 5.9 percentage point decline in terms of product mix, pricing, utilization, and manufacturing costs? Also, do you expect margins to recover above 35% in the third quarter?

A5 : (Endo) Regarding the decline in operating margin, we do not believe changes in product mix had a significant impact.

Pricing has generally continued to trend upward and therefore was not a major negative factor. In addition, both the Sanbongi Plant and the Tainan Plant maintained high utilization rates, meaning utilization was not the cause of the margin decline.

The primary factor was higher manufacturing costs.

During the current fiscal year, we have been making significant investments in preparation for the start of Sanbongi Plant No. 7, while also investing in capacity expansion at the Tainan Plant. As a result, higher depreciation expenses and other related costs negatively affected operating profitability.

The full cost impact associated with the start of Sanbongi Plant No. 7 is expected to become more apparent in the second half of the year. Therefore, we believe achieving an operating margin above 35% in the third quarter would be challenging.

Nevertheless, we remain committed to improving profitability through ongoing cost reduction initiatives, appropriate pricing measures, and various operational improvement programs.

Q6 : What is your view on the risk of procurement delays or export bans caused by export control regulations for the manufacturing and inspection equipment required for capacity expansion in China for both the wafer reclaim and prime wafer businesses?

A6 : (Endo) At present, neither business has experienced any restrictions on the introduction of necessary equipment due to export control regulations. In addition, GRITEK, our Chinese subsidiary, is currently not subject to U.S. sanctions or export restrictions, and therefore there have been no obstacles to procuring the equipment required for its operations.

<Prime Wafer Business>

Q７：Could you share your future management policy for GRITEK and any timeline associated with that strategy?

A７：(Ho) At this stage, our policy is to continue operating GRITEK in line with the investment plan we have already disclosed.

In addition, we sold a 1% stake in GRITEK, and the proceeds were received in our bank account in Japan in May. As we can maintain consolidation while still having room to dispose of several additional percentage points, we will consider further sales as appropriate if necessary.

As for any larger-scale divestment, we would consider it flexibly as part of a broader portfolio review should an attractive, high-return investment opportunity arise. However, there is nothing specific that we can disclose at this time.

We are aware that the share prices of technology-related companies, including GRITEK, have recently been trending upward. Any future sale decisions will be made based on a comprehensive assessment of market conditions, business performance, and the company's medium- to long-term growth prospects.

Q8：Could you elaborate on the business environment for the 8-inch prime wafer market in China? What are the key reasons behind your aggressive investment in 8-inch wafer capacity, and which end markets or product segments are you primarily targeting?

A8：(Endo) The 8-inch prime wafer market continues to expand steadily, and we are investing in capacity expansion to capture this growing demand. As shown on page 34 of our earnings presentation materials, 8-inch wafers are used in a wide range of devices, particularly power semiconductors.

Among these applications, our strength lies in supplying wafers for high-voltage power semiconductors used in automotive and industrial equipment, and order trends in these segments remain solid.

More recently, Physical AI has emerged as one of the growth markets in China. Industrial applications such as humanoid robots and smart factories require a significant number of power semiconductors for switching and control functions. We believe that the growth of these markets is also contributing to the expanding demand for 8-inch wafers.

Q9: Regarding the acquisition of the epitaxial wafer manufacturing company in Anhui Province, China, which was announced on July 7, 2026, could you explain its impact on your financial results for the fiscal year ending December 2026?

A9：(Endo) As disclosed, the company was established in 2023 and is currently operating at a loss. However, we aim to achieve profitability by expanding its production capacity through future capital investments.

Currently, as shown on page 34 of our earnings presentation materials, GRITEK sells wafers requiring epitaxial processing to external epi houses. By acquiring in-house epitaxial processing capabilities, we will be able to directly supply higher value-added products, which we believe will contribute to both improved profitability and enhanced competitiveness.

From the perspective of the Anhui subsidiary on a standalone basis, we expect it will take some time before it contributes meaningfully to earnings, as the company is entering an investment phase. However, from the standpoint of the GRITEK Group as a whole, we believe this acquisition has the potential to generate significant synergies.

We are currently assessing the specific financial impact of the transaction. That said, we expect to recognize a gain from negative goodwill as a result of the acquisition.

Q10 : Will the epitaxial wafers processed at the Anhui facility in China be limited to silicon wafers, or will they also support other advanced materials?

A10 (Endo):Our first priority is to establish epitaxial processing capabilities for the 8-inch silicon wafers currently manufactured by GRITEK.

After that, we intend to explore expanding our capabilities to include 12-inch silicon wafers as well as advanced materials such as silicon carbide (SiC).

Q11: Regarding the establishment of the single-crystal silicon manufacturing facility in Inner Mongolia, China, announced on March 19, 2026, could you explain what products will be manufactured under the stated business scope of “the manufacture and sale of single-crystal silicon and large-diameter single-crystal silicon”? Also, please discuss the expected synergies with your company and GRITEK.

A11 (Endo):The company is planning to manufacture silicon single crystals, or silicon ingots.

Compared with our existing sites in Beijing and Dezhou, Inner Mongolia offers lower electricity costs and is expected to provide government subsidies. These factors were the primary reasons for our decision to establish operations in the region.

The ingots produced in Inner Mongolia will be transported to our facilities in Beijing and Dezhou, where they will be processed into wafers.

As transportation costs within China are relatively low, we believe that consolidating ingot production in Inner Mongolia will enable the Group as a whole to benefit from meaningful cost advantages.

Q12: What strategy does SGRS have for the 12-inch wafer market in China?

A12 : (Endo) For the 12-inch prime wafers manufactured by SGRS, our current focus is on applications for power semiconductors, where GRITEK possesses strong technological advantages. We intend to leverage this competitive strength by supplying these products to the prime wafer market and thereby further improving profitability.

At the same time, we also view the memory segment, which represents the largest volume market, as one of our key strategic priorities. In China, research and development activities related to AI semiconductors are progressing rapidly, and we are building the quality and technological foundation necessary to meet the demand generated by these developments.

Looking ahead, in addition to power semiconductor applications, we aim to expand into a broader range of end markets, including memory devices, and gradually increase our market share.

＜Semiconductor-related Equipment and Materials Business＞

Q13: What are the reasons behind the relatively low profit margin in the Semiconductor-Related Equipment and Materials segment? Also, could you provide your outlook for margin improvement from the third quarter onward?

A13 : (Kawaji)This segment includes several subsidiaries with different business models. As it also contains trading company operations, we generally expect its operating profit margin to be lower than those of the Wafer Reclaim Business and the Prime Wafer Business.

That said, we view this segment as one with significant growth potential. We are therefore working to improve profitability and expect to see progress from the third quarter onward.

Q14: What criteria do you use when evaluating investments in energy-related businesses, including grid-scale battery storage projects? Specifically, how do you determine your target payback period and exit criteria?

A14(Ho):With respect to investments in energy-related businesses, including grid-scale battery storage projects, we generally target a payback period of approximately five to seven years.

As for our exit criteria, we would consider withdrawing from a business if its operating performance were to deteriorate for three consecutive fiscal years.

At present, market conditions in China, Japan, North America, and other regions remain favorable, supported in part by various government incentive programs. Under these circumstances, we are committed to achieving profitability in the current fiscal year.

Looking beyond this year, our goal is to grow the energy business into one of the Company's core business pillars in the years ahead.

Q15: On July 24, 2026, you announced the termination of discussions regarding a capital alliance with Jiangxi Shengtai Precision Optics Co., Ltd. Could you explain the impact of this decision on your Medium-Term Management Plan?

A15 (Kawaji) : There will be no impact on our business plan for the current fiscal year.
As for our plans from next fiscal year onward, there may be some adjustments. However, we update and roll forward our Medium-Term Management Plan each year to reflect changes in the business environment, and we expect to provide an update at the appropriate time through that process.

At this stage, there is nothing further we can specifically disclose regarding the impact on the Medium-Term Management Plan.

＜Others＞

Q16: Do you have a basic balance sheet management policy aimed at optimizing your WACC?

A16 (Kawaji) : We have established various financial targets and management policies to support sustainable business growth and sound corporate management.

We regularly review and monitor these metrics, and at present, our business operations are progressing broadly in line with our assumptions, without any significant deviations.

Q17: Could you explain your policy regarding future shareholder returns?

A17 (Ho) : We regard returning value to our shareholders as one of our key management

priorities.

We will continue working to improve our business performance and enhance corporate value, and we aim to share the results of those efforts with our shareholders through sustainable shareholder returns.

We sincerely appreciate your continued support and look forward to creating long-term value for all our stakeholders.